

## Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 RSC-01 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 USIA-06

FTC-01 NSC-05 SS-15 STR-01 CEA-01 /079 W

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R 151027Z JAN 75

FM AMEMBASSY BERN

TO SECSTATE WASHDC 091

INFO AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: EFIN, SZ, IT

SUBJ: CLOSURE OF FINABANK/GENEVA

1. FOLLOWING CONVERSATION WITH EMBOFF RE AMINCOR BANK/  
ZURICH (SEPTTEL - NOTAL). DANIEL BODMER, SECRETARY OF SWISS  
FEDERAL BANKING COMMISSION, CONFIRMED PRESS REPORTS THAT  
COMMISSION HAD FORCED CLOSURE OF BANQUE DE FINANCEMENT SA  
"FINABANK" LARGELY BECAUSE OF FORWARD FOREIGN EXCHANGE  
CONTRACTS AMOUNTING TO ABOUT \$200 MILLION CONCLUDED WITH  
EDILCENTRO INTERNATIONAL LTD. OF NASSAU, BAHAMAS, A SUB-  
SIDIARY OF SOCIETA GENERALE IMMOBILIARE. CONTRACTS WHICH  
MATURE THIS MONTH HAD ASSUMED SF/\$ RATE IN 3.50 RANGE  
COMPARED WITH PRESENT 2.55 RATE.

2. FINABANK HAS APPLIED TO GENEVA COURT FOR MORATORIUM.  
UNDER FEDERAL BANKING LAW AND IMPLEMENTING ORDANCE COURT  
CONSULTS BANKING COMMISSION AND SWISS NATIONAL BANK.  
BODMER INDICATED THAT COMMISSION UNLIKELY RECOMMEND  
APPROVAL MORATORIUM REQUEST SINCE LIABILITIES RESULTING  
FROM ABOVE EXCHANGE LOSSES AMOUNT TO ABOUT SF 100 MILLION  
COMPARED WITH ASSETS OF SF 50 MILLION.

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3. BODMER ALSO CONFIRMED PRESS REPORTS THAT BANCO DI ROMA HAS EXPRESSED INTEREST IN ACQUIRING FINABANK BUT COMMISSION UNLIKELY APPROVE SINCE RECIPROCITY CONDITION OF AMENDED SWISS BANKING LAW CANNOT BE SATISFIED FOR SWISS BANKS WISHING OPERATE IN ITALY. BODMER SAID COMMISSION HAS VARIOUS APPLICATIONS FROM OTHER UNIDENTIFIED ITALIAN BANKS FOR ACTIVITIES UNRELATED TO FINABANK WHICH APPARENTLY WILL ALSO NOT BE APPROVED. EXTENSIVE ITALIAN BANKING INTERESTS IN SWITZERLAND DATE FROM PRIOR 1969 WHEN RECIPROCITY PROVISION MODIFIED.

4. BODMER CLEARLY EXPECTS FINABANK WILL NOT REOPEN. HE SAID BULK OF FINABANK BUSINESS INVOLVED OTHER AFFILIATES OF MICHELE SINDONA, WHO IS CLOSELY ASSOCIATED WITH BANK. HE HAS APARTMENT IN SAME BUILDING AS FINABANK. MINORITY SHAREHOLDER (20 PERCENT) IS FINANCIAL AFFILIATE OF VATICAN. BANK DID MUCH OF BUSINESS ABROAD, INCLUDING SOME BROKERAGE AND PORTFOLIO MANAGEMENT.

5. BODMER ALSO CONFIRMED JANUARY 13 NEW YORK TIMES REPORT FROM ROME THAT ANOTHER SWISS BANK (SWISS BANK CORP. AND NOT SWISS CREDIT BANK AS MENTIONED IN NY TIMES ARTICLE) HAD FORWARD CONTRACTS WITH EDILCENTRO IN AN AMOUNT SOMEWHAT LESS THAN \$200 MILLION FOR WHICH LOSSES CAN BE ANTICIPATED AT TIME OF MATURITY.

6. EMBASSY NOT AWARE OF ANY U.S. BANK INVOLVED WITH FINABANK. CONTINENTAL ILLINOIS SOLD ITS INDIRECT SHARE SEVERAL YEARS AGO. ITS REPRESENTATIVE OFFICE IN GENEVA CONTINUES IN SAME BUILDING AS FINABANK.

7. SWISS PRESS REPORTS JANUARY 15 THAT FIRST NATIONAL BANK OF BOSTON HAS ANNOUNCED \$9.1 MILLION LOSS IN FOREIGN EXCHANGE TRANSACTION WITH FINABANK. THERE MAY BE OTHER U.S. BANKS IN SIMILAR SITUATIONS. FIRST NATIONAL BOSTON HAS AFFILIATE BOSTON INVESTMENT AND FINANCIAL SERVICES IN GENEVA WHICH, HOWEVER, DOES NOT HAVE BANKING LICENSE AND TO OUR KNOWLEDGE IS NOT RELATED TO FINABANK.  
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## Message Attributes

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**TAGS:** EFIN, SZ, IT, FINABANK  
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